

SECRET

ED/EC D-60/1

September 17, 1954

EXECUTIVE COMMITTEE OF THE
ECONOMIC DEFENSE ADVISORY COMMITTEE

Proposed FY 1955 OIR Economic Defense Staffing Program

The attached memorandum outlines a proposed EDAC program to be undertaken by OIR during FY 1955. It supersedes ED/EC D-60 and may serve as a preparatory step toward a comprehensive EDAC research program.

The functions described in this memorandum are put forward as those which are required for the proper support of EDAC activities, lie within the purview of OIR, and are not adequately performed elsewhere. No position is taken on agency responsibility for the various research functions or aspects.

The functions to be assigned to OIR are expected to include various series of periodic reports such as trade agreement synopses (IR 6566 series), files and indexing service facilities. The memorandum outlines the topics to be covered.

It should be noted that this represents a broad program outline and that many of the specific projects to be undertaken would be assigned later through the IWG and other interagency mechanisms.

Irving I. Kramer
Executive Secretary

Distribution:
EC

State Dept. declassification & release instructions on file

SECRET

PROPOSED ECONOMIC DEFENSE STAFFING PROGRAM FOR OIR/STATE

FY 1954-55

I. Purposes: To provide supplementary intelligence support for economic defense policies and programs; effect coordination of intelligence of EDAC interest produced by the Department of State; provide EDAC and user agencies with necessary analyses and supporting material adapted for use in the economic defense program; and establish and maintain special reference materials for economic defense purposes deriving from the intelligence collection and analysis resources and functions of the Department of State.

II. Organization: A special Economic Defense Staff will be established in OIR consisting of a Coordinating Section and two basic functional units with supporting area specialists in appropriate divisions.

III. Relationship to the EDAC Structure: Project requests for intelligence research will normally be initiated through the IWG and may be proposed by any EDAC agency or working group. However, urgent spot requests need not be initiated through the IWG.

OIR project contributions will be referred to the IWG for review and comment. Papers produced in response to urgent spot requests will be furnished to the requestor directly, but copies should be sent to IWG so that IAC agencies may be informed of such contributions.

The OIR Economic Defense Staff will supplement the resources of the Department of State by drawing upon those agencies primarily responsible for producing the other intelligence required and, in particular, will utilize pertinent studies completed or underway. It is intended that the OIR Economic Defense Staff should be utilized extensively for adapting intelligence materials and analyses for EDAC purposes in consultation with other producing agencies, particularly when Soviet bloc and non-bloc considerations are intermingled, or when agencies having primary responsibility are unable to undertake the task.

SECRET

SECRET

-2-

IV. Functions

A. Primary Functions

Undertake research and analysis as follows:

1. Commodity Analysis. Study and analysis of trade and the free world supply position, and preparation of complete studies of selected commodities, drawing on CIA/ORR and other agencies for the Soviet bloc aspects of such trade and commodity analyses.
 - a. Key exports, with special attention to raw materials (e.g., manganese, chrome, tungsten, lumber, petroleum, coal and grain).
 - b. Key imports, with special attention to industrial raw materials (e.g., non-ferrous metals, rubber, elemental sulfur and pyrites, petroleum and iron ore), and consumer goods (e.g., butter, meat, sugar and textiles).
2. East-West Trade with particular reference to trade and payments agreements
 - a. Current status of East-West trade and payments agreements and related negotiations.
 - b. Trade agreement commitments - status and trends in terms of over-all amount or value, selected commodities (including transportation equipment) and commodity groupings.
 - c. Trade agreement fulfillment data.
 - d. East-West bargaining: the terms of the trade between East and West, with special reference to pricing policies; collective (private or governmental) trading with the Soviet bloc.

SECRET

SECRET

-3-

3. Other East-West Trade Questions

(The following topics are of overlapping interest and will require interagency liaison and cooperation.)

- a. East-West trade trends in terms of major commodity groupings.
- b. Soviet bloc policies and tactics in the conduct of East-West trade.
- c. Financial arrangements in East-West trade.

4. Special Free-World Aspects of East-West Trade

Significance of present and prospective East-West trade to particular free-world countries - their reliance on it for sources or markets (with special attention to particular export industries such as shipbuilding), their vulnerability to Soviet bloc trade manipulation; the influence on their national policies of their economic relations with the Soviet bloc.

B. Secondary Functions

Adapt, for economic defense use, material required for studies involving the integration of two or more categories of intelligence (such as political and economic or bloc and non-bloc).

In undertaking this responsibility, OIR will draw on available intelligence in the agencies primarily responsible for the categories of intelligence required. The following are illustrative of the kinds of studies which are contemplated:

1. The bearing on East-West trade of Soviet bloc agricultural production, situations and policies.
2. The bearing on East-West trade of Soviet bloc industrial development, programs and intra-bloc integration.
3. The bearing on East-West trade of Soviet bloc trade planning, administrative organization, policies, programs, price structure, etc.

SECRET

~~SECRET~~

~~-4-~~

4. Transportation arrangements in East-West trade.
5. Studies of Soviet bloc political and psychological warfare activities.

(Studies in this category will include propaganda; membership and participation in international economic organizations, international forums, associations; missions to promote trade, etc.)

~~SECRET~~